



STATE OF WASHINGTON

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June 15, 2004

TO: Juli Wilkerson, Director
Department of Community, Trade and Economic Development

FROM: Marty Brown, Director *MB*

SUBJECT: ADDITIONAL INSTRUCTIONS FOR AGENCY BUDGET SUBMITTALS

The Priorities of Government (POG) Results Teams recently completed work on the high-level purchase strategies that they believe will best achieve statewide results. As part of this effort, Teams also made suggestions about specific analyses and initiatives that will help them in the fall when they reconvene to produce detailed purchase plans for implementation of proposed strategies. Because Results Teams will be reviewing agency budget requests for activities that can be included in these purchase plans, we are communicating their ideas to you as you prepare your budgets.

Although the state is not facing quite the same fiscal challenges that generated the initial Priorities of Government process in 2002, initial estimates for 2005-07 indicate a \$700 million shortfall between forecasted state General Fund (GFS) revenues and the cost of continuing current GFS-funded services. The POG budget approach helps us focus on core services that contribute the most toward statewide results. This, in turn, provides a framework for OFM decisions and budget recommendations to the Governor.

High-Level Strategies will Guide Budget Decisions

We strongly urge your consideration of the information contained in this memo as you develop your agency budget proposal.

1. You will find enclosed a list of the high-level indicators of success and the purchase strategies recommended for each statewide result. This information is the investment criteria that Results Teams will use to create their purchase recommendations. Review the indicators and strategies for all 11 results and focus on areas that you believe can be influenced with activities in your agency. For example, if your budget includes activities that affect indicators in Result #4 (Improve Health) because they contribute to the statewide strategy of "mitigating environmental hazards," then your budget should help make that connection for the Results Team.

A summary is provided in this memo, but we encourage you to read the full reports of the Teams, particularly those prepared for Tollgate #2, to understand the context in which these recommendations were made. The reports are available at

<http://www.ofm.wa.gov/budget/pog/teamreports.htm>.

2. For some agencies, there are recommended initiatives or research projects listed at the end of this memo. This means one or more Results Teams indicated interest in these ideas and are asking for additional information before they complete their purchase plan recommendation in the fall.
3. The Teams also suggested criteria that agencies could use to assess the activities they propose for funding. As you determine your budget request, we recommend you address these questions in your deliberations:
 - Are there options for earlier, preventative interventions as alternatives to more expensive services later?
 - Are those options evidence-based or supported by research as to their effectiveness toward the intended result?
 - Are we paying the right price for the services delivered?
 - Are activities properly coordinated for maximum effect?
 - Do activities have explicit outcomes and measures of performance?
 - Are there opportunities for outcome-based contracts?

Additional Information Requested for the Budget Submittal

OFM has selected a number of the recommendations mentioned in the team reports to be completed as part of the budget development process. We ask that your agency submit the following information, either as part of your budget request, as an addendum to your budget submittal, or as a separate submittal on the date indicated.

1. Evaluate the limitations on the state's role in improving the affordability of housing. In what regions is the shortage of affordable housing affecting the performance of the economy? Where is the jobs/housing balance most out of balance? What kinds of regulatory changes or infrastructure investments can address the balance? The Department of Community, Trade and Economic Development should take the lead in this evaluation in coordination with the Office of Regulatory Assistance and the Department of Ecology.
2. The Department of Community, Trade and Economic Development should submit a proposal to reduce the cost of making grants and loans for local infrastructure. Consider using a "foundation" type of structure where requests for infrastructure funding from the state would come through a single process. The Department should work with the Department of Ecology, the Department of Transportation, the Interagency Committee for Outdoor Recreation, the Conservation Commission and the Department of Health.
3. Develop an approach, workplan, schedule, and related budget and legislative proposals, for attracting and providing exemplary travel experiences to tourists as a result of the 2010 Winter Olympics in Vancouver, B.C. The Department of Community, Trade and Economic Development-State Tourism Office should take the lead in consultation with State Parks, the state historical societies, the State Arts Commission, the Department of Fish and Wildlife, Department of Transportation (including Washington State Ferries), and the Department of Natural Resources.
4. The Department of Community, Trade and Economic, in consultation with the State Parks and Recreation Commission, Conservation Commission and the Department of Fish and Wildlife, should

submit analysis that identifies ways to streamline the process of identifying and protecting tribal cultural resources.

5. The Department of Social and Health Services, Department of Health, and the Health Care Authority should develop a comprehensive plan to address overweight/obesity. Include opportunities to target state-covered populations (state employees, Basic Health enrollees, Medicaid clients). Also consult with the Department of Community, Trade and Economic Development, General Administration, and the Department of Agriculture to assess opportunities for better coordination across existing food subsidy and nutrition programs to ensure that low-income recipients have better access to healthful food.
6. The Department of Community, Trade and Economic Development and the Department of Corrections should work together on a proposal to expand initiatives to increase the safety of places in high-crime neighborhoods and communities.
7. Work with OFM to develop a proposal to combine prevention funding to communities for use based on their needs assessments, but focused on evidence-based (research-validated, “best practice”) programs that improve safety and reduce the need for more costly intervention services. What agencies fund or conduct community-based prevention or mobilization activities? What evidence of effectiveness? What potential to combine?
8. The Military Department should submit a proposal to combine citizen risk-education programs across agencies, seeking synergistic opportunities. What agencies are doing public education about safety risks – what risks, what budgets, what potential for collaboration? The Department should work with the Department of Community, Trade and Economic Development, Department of Social and Health Services, and the Washington State Patrol in developing the proposal.
9. OSPI shall work with OFM and consult with ESDs, the Washington Professional Educators Standards Board, DSHS and the Department of Community, Trade and Economic Development on proposals for a comprehensive P-12 teacher professional development programs that will provide the skills teachers and providers need to teach the content that students need to learn.
10. The Department of Social and Health Services, in consultation with the Department of Community, Trade, and Economic Development, should propose top priority strategic partnerships (buyers/suppliers) that will increase community capacity for prevention services. The partnerships could include nonprofits, local governments and state agencies.
11. Conduct research for WorkFirst services that solicits input from targeted vendors, service providers and agency sources to identify potential service changes that better match community capacities.
12. The Department of Ecology should propose strategies and approaches to reduce greenhouse gases. Include legal analysis and potential legislation to determine whether the state can adopt California Air Emission standards for new vehicles under the State Clean Air Act. In cooperation with the Department of Community, Trade and Economic Development, examine options to develop a greenhouse gas inventory of state facilities.
13. The Puget Sound Action Team, in consultation with the Department of Ecology, Department of Health and Department of Community, Trade and Economic Development, shall develop a budget and legislative proposals for reducing water quality impacts from septic systems. In particular, the proposal

should examine the regulation and management of on-site and off-site septic systems, expanding nitrogen to the regulatory scheme, ways to assist local governments financially and ways to improve public education related to the impact of these systems.

14. The Office of Regulatory Assistance, using the Master Business License application process as an example, should identify how technology and process improvements might reduce the duplication of information that must be provided to different state and local agencies by the same business or individual. This approach — to develop shared information systems where data required are very similar — may save money for both the agencies (costs can be shared among the agencies needing the information) and the businesses. The Office should consult with the Department of Revenue, the Department of Employment Security, the Department of Ecology, the Department of Labor and Industries, the Department of Licensing, the Department of Community, Trade and Economic Development and others as needed.
15. The Department of Community, Trade, and Economic Development, in consultation with the Department of Ecology and the Office of Regulatory Assistance, should propose a “Quicksites” program to coordinate investments in planning, infrastructure, and workforce training for specific industries in local areas as they identify their industry clusters. This could be structured as a grant program that combines some existing resources (e.g. CERB and workforce training grants) with some new resources that can provide assistance with strategic, environmental, and land-use planning.
16. The Department of Community, Trade and Economic Development should take the lead, in coordination with the research universities, the Utilities and Transportation Commission, the Department of Health and the Department of Ecology in developing an initiative for supporting innovation in the energy, environmental, and/or health care sectors that creates jobs while contributing to other important POG outcomes.
17. The Department of Community, Trade and Economic Development, in consultation with the Department of Revenue and the Employment Security Department, should propose an entrepreneurship program that coordinates the efforts of existing organizations providing technical and business services for entrepreneurs. As part of this plan, look at these issues:
 - Inventory technical and other assistance for entrepreneurship and identify holes and where the state can play a major role in integrating services, making them seamless.
 - At what stage do most firms fail and why? Is there a role for the state in helping them get through that stage?
18. The Economic Development Commission is currently working with the Department on an analysis comparing the effectiveness of technology transfer at the research institutions with other institutions across the nation and the steps that can be taken to improve it. Please provide a status report on this effort.
19. Submit an analysis identifying those communities where broadband services are not provided, or where costs for such services are prohibitive, as a necessary first-step to developing targeted strategies to promote broadband deployment.

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20. Propose legislation requiring public utilities to prepare least-cost plans (also called “integrated resource plans”) that can determine the best mix of resources in a utility’s portfolio to hedge against high costs given a variety of contingencies (low snow pack, drought, high natural gas prices).
21. Submit proposed alternative solutions that would allow EFSEC to develop rules. EFSEC is currently funded through assessments of current site certificate holders and applicants. By law, EFSEC may not use these fees for prospective rulemaking.
22. The Department of Community, Trade and Economic Development, in consultation with the Department of Health and the Department of Ecology, should submit a proposal for expanding the Small Communities Initiative. The proposal should include information on the results in communities that are directly attributed to the pilot program over the past four years, and how an expanded program would contribute to the goals in water quality, public health and safety, and potential community development. The proposal should also include performance measures and an array of funding alternatives.

If you have questions about any of these recommendations, please consult your assigned OFM Budget Analyst, who will then coordinate assistance with the appropriate Results Team.

Finally, I want to thank all of you for your energy and dedication as we head into another round of POG. Your efforts are critical to its success, and I know from experience that I can count on you.

Attachment

cc: Agency Budget Director